

Reg. No. :

Name :

Fifth Semester B.Com. Degree Examination, December 2022.

Career Related First Degree Programme under CBCSS

Group 2(b) – Commerce with Computer Applications

Core Course

CC 1542 – APPLIED COSTING

(2013 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions. Each carries **1** mark.

1. What are the limitations of job costing?
2. What is work certified?
3. What is process costing?
4. What is meant by abnormal process loss?
5. What is meant by operating costing?
6. In a transport organisation, which are the heads under which costs can be classified and accumulated?
7. Write any two features of marginal costing.
8. What is meant by contribution?

9. What is standard cost?
10. What are the limitations of standard costing?

(10 × 1 = 10 Marks)

SECTION – B

Answer **any eight** Questions in not exceeding one paragraph. Each question carries **2** marks.

11. What are the features of job costing?
12. The following information is extracted from the job ledger of Next Enterprises in respect of Job Number 510: Materials Rs. 7,000 Wages 100 hours @ Rs 7, Variable overheads incurred for all jobs Rs. 15,000 for 5,000 labour hours. Find the profit if the job is billed for Rs. 9,000.
13. A company of builders took to a multi-storied structure for Rs. 40,00,000 estimating the cost to be Rs. 36,80,000. At the end of the year, the company had received Rs. 14,40,000 being 90% of the work certified; work done but not certified was Rs. 40,000 Following expenditure were incurred. Materials Rs. 4,00,000. Labour Rs. 10,00,000. Plant Rs. 80,000 Materials costing Rs. 20,000 were damaged. Plant is considered as having depreciated at 25%. Prepare contract Account.
14. The following particulars for process II are given

Particulars	Units	Rs.
Transfer to process II at cost	4,000	9,000
Direct wages		2,000
Direct material		3,000
Transfer to finished stock	3,240	

Factory overheads in process are absorbed at a rate of 400% of direct material. Allowance for Normal loss is 20% of Units worked. Scrap value is Rs, 5 per unit. Prepare Process II A/c.

15. What are the limitations of process costing?

16. X, Y Ltd. manufactures product A which yields two by-products B and C. The actual joint expenses of manufacturing for a period were Rs. 8,200. The profits on each product as a percentage of sales are 33-1/3%, 25% and 15% respectively.

Subsequent expenses are as follows	Products Rs.		
	A	B	C
Material	100	75	25
Labour	200	125	50
Overheads	150	125	75
	450	325	150
Sales	6,000	4,000	2,500

Apportion the joint expenses.

17. A transport service company is running 4 buses between two towns which are 50 miles apart. Seating capacity of each bus is 40 passengers. The following particulars were obtained from their books for April, 2015. Wages of Drivers, Conductors and Cleaners Rs. 2,400. Salaries of Office and Supervisory staff Rs. 1,000. Diesel and oil Rs. 4,000. Repairs and Maintenance Rs. 800. Taxation, Insurance, etc. Rs. 1,600 Depreciation Rs. 2,600 interest and other charges Rs. 2,000.

Actual passengers carried were 75% of the seating capacity. All the four buses ran on all days of the month. Each bus made one round trip per day. Find out the cost per passenger mile.

18. How service costing helps an organisation?
19. The sports material manufacturing company budgeted the following data for the coming year. Sales (1,00,000 units) Rs. 1,00,000. Variable cost Rs. 40,000. Fixed cost Rs. 50,000. Find out P/V Ratio and B.E.P.
20. What is cost-volume profit (CVP) analysis?
21. What is meant by Direct materials cost variance?
22. What are the advantages of standard costing?

(8 × 2 = 16 Marks)

SECTION – C

Answer **any six** questions in about **120** words each. Each carries **4** marks.

23. A firm of Builders, carrying out large contracts kept in contract ledger, separate accounts for each contract on 30th June, 2017, the following were shown as being the expenditure in connection with contract No. 555.

Particulars	Rs.
Materials purchased	1,16,126
Materials issued from stores	19,570
Plant, which has been used on other contracts	25,046
Additional plant	7,220
Wages	1,47,268
Direct expenses	4,052
Proportionate establishment expenses	17,440

The contract which had commenced on 1st February 2017 was for Rs. 6,00,000 and the amount certified by the Architect, after deduction of 20% retention money, was Rs. 2,41,600 the work being certified on 30th June 2017 The materials on site were Rs. 19,716. A contract plant edger was also kept in which depreciation was dealt with monthly the amount debited in respect of that account is Rs. 2,260. Prepare Contract Account showing profit on the contract.

24. From the following information, calculate Economic Batch Quantity for a company using batch costing: Annual Demand for the components 2400 units. Setting up cost per batch Rs. 100. Manufacturing cost per unit Rs. 200. carrying cost per unit 6% p.a.
25. A chemical process yields 60% of the material introduced as main Product – A and By-product B 15%, By Product – C 20% and 5% being the wastage. The ratio of absorption of Raw material and Labour in the process products in as follows
- (a) One unit of product C requires half the raw material required for one unit of product - B, one unit of product - A requires 1½ time the raw material required for product - B.
- (b) Product A requires double the time needed for the production of one unit of B and one unit of C.

- (c) Product C requires half the time required for the production of one unit of product B
- (d) Overheads are to be absorbed in the ratio of 6:1:1
- (e) Cost Data : Input 1,000 units of cost Rs. 4,600 Direct labour Rs. 4,100, Overheads Rs. 6,000

Calculate cost of distribution between the above products.

- 26. What are the features of process costing?
- 27. There are two warehouses for storing finished goods produced in a factory. Warehouse 'A' is at a distance of 10 kms, and Warehouse 'B' is at a distance of 15 kms from the factory. A fleet of 5 tonne lorries is engaged in transporting the finished goods from the factory. The records show that the lorries have an average a speed of 30 kms per hour when running and regularly take 40 minutes to load at the factory. At warehouse 'A', unloading takes 30 minutes per load while at warehouse 'B' it takes 20 minutes per load. Drivers' wages, depreciation, insurance and taxes amount to Rs. 18 per hour operated. Fuel, oil tyres, repairs and maintenance cost Rs. 2.40 per kilometer. You are required to draw up a statement showing the cost per tonne kilometer of carrying the finished goods to warehouses.
- 28. Which are the different areas of decision making using marginal costing?
- 29. The sales turnover and profit during two periods were as follows:

Period	Sales (Rs.)	Profit (Rs.)
1	2,00,000	20,000
2	3,00,000	40,000

What would be probable trading results with sales of Rs. 1,80,000? What amount of sales will yield a profit of Rs. 50,000?

- 30. What are the causes of Material Price Variance? How to compute it?
- 31. What is the difference between Direct Materials Mix variance and direct materials yield variance?

(6 × 4 = 24 Marks)

SECTION – D

Answer **any two** Questions in not exceeding 4 pages each.
Each question carries **15** marks

32. S Ltd furnishes you the following information relating to the half year ended 30th June, 2015

Fixed expenses Rs. 45,000, Sales value Rs. 1,50,000, Profit Rs. 30,000, During the second half of the year, the company has projected a loss of Rs. 10,000.

Calculate :

- (a) The B.E.P and margin of safety for six months ending 30th June 2015.
- (b) Expected sales volume for the second half of the year assuming that P/V ratio and fixed expenses remain constant in the second half year also.
- (c) The B.E.P. and margin of safety for the whole year for 2015.
33. Union Transport company supplies the following details in respect of a truck of 5-tonne capacity :

Cost of truck	Rs. 4,50,000
Estimated life	10 years
Diesel, oil, grease	Rs. 150 per trip each way
Repairs and maintenance	Rs. 5,000 per month
Driver's wages	Rs. 5,000 per month
Cleaner's wages	Rs. 2,500 per month
Insurance	Rs. 4,800 per year
Tax	Rs. 2,400 per year
General supervision charges	Rs. 4,800 per year

The truck carries goods to and from city covering a distance of 50 km each way. In outward trip, freight is available to the extent of full capacity and on return 20% of capacity .

Assuming that the truck runs on an average 25 days a month, work out

- (a) Operating cost per tonne-km,
- (b) Rate per tonne per trip that the company should charge if a profit of 50% on freight is to be earned.

34. Product X is obtained after it passes through three distinct processes. You are required to prepare process account from the following information.

	Processes			
	Total	I	II	III
Material	15,084	5,200	3,960	5,924
Direct wages	8,000	4,000	6,000	8,000
Production overheads	18,000	–	–	–

1,000 units @ Rs. 6 per unit was introduced in process I production overhead to be distributed at 100% on direct wages.

Actual output	Unit	Normal Loss	value of scrap (per unit)
Process I	950	5%	4
Process II	840	10%	8
Process III	750	15%	10

Prepare Process Accounts for I and II and III.

35. As newly appointed cost Accountant, you find that the selling price of Job No. 9669 has been calculated on the following basis:

Particulars	Rs.
Materials	12.08
Direct Wages – 22 hours at 25 paise per hour:	
Department A – 10 hours	
B – 4 hours	
C – 8 hours	5.50
	<hr/>
	17.58
Plus 33% on Prime Cost	5.86
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	23.44
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An analysis of the previous year's profit and loss account shows the following:

Particulars	Rs.	Particulars	Rs.
Material used	77,500	Factory Over Heads:	
Direct wages		A	2,500
A	5,000	B	4,000
B	6,000	C	1,000
C	4,000	Selling costs	30,000

You are required to (a) Draw up a job cost sheet (b) Calculate and enter the revised costs using the previous year's figures as basis, (c) Add to the total job cost 10% for profit and give the final selling price.

(2 × 15 = 30 Marks)
